

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday 8 March 2016 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillors Barrott (Chair), Butler, Day, Gifford, Harrington, Heath, Illingworth, Mann, Quinney, Rhead and Thompson.

Also present: Councillors Cross, Gill and Gallagher.

115. **Apologies and Substitutes**

There were no apologies or substitutes.

116. **Declarations of Interest**

Minute Number 125 –Monitoring of Section 106 Agreements

Councillor Gifford declared an interest because he was a Member of Warwickshire County Council and it was linked to the majority of Section 106 Agreements with the District Council.

117. **Minutes**

The minutes of the Finance & Audit Scrutiny Committee of 9 February 2016 were taken as read and signed by the Chairman as a correct record.

118. **Procurement Progress Update**

The Committee received a report from Finance which updated Members on the progress made in procurement during the financial year 2015/16.

It was agreed at the July 2010 Executive as part of the Procurement Strategy that Members would receive an annual update on the progress of procurement and the procurement strategy. This was one of the actions within the Procurement Action Plan and the Procurement Strategy and Action Plan were attached as appendices to the report.

The Procurement Officer outlined the report and explained that the Procurement Team were now able to respond to queries quickly and effectively.

In addition, the Code of Procurement Practice was under review and would be updated in due course to reflect a number of changes. These included a key proposal to amend the thresholds for contracts between £10,000 and £25,000. The Committee was advised that it would receive a report to that effect in April 2016.

In response to a query from Councillor Rhead, the Procurement Manager explained the process for policing contract registers. He advised that the

E-Portal had been developed to provide key performance indicators which alerted officers at relevant trigger points.

Councillor Rhead also enquired about service areas ensuring they were in possession of signed copies of contracts. The Procurement Manager assured Members that he would be monitoring and controlling this requirement.

Resolved that the advances in procurement are noted.

119. **Executive Agenda (Non Confidential Items & Reports – Wednesday 9 March 2016)**

Agenda Item 7 – Funding for Coventry & Warwickshire Growth Hub

The Committee supported the report once it had been given assurance that the Chief Executive was content with the delegation being proposed.

120. **Internal Audit Quarter 3 2015/16 Progress Report**

The Committee received a report from Finance which detailed the performance of the Internal Audit for the relevant quarterly period.

In addition, it set out the reports that had been issued, the recommendations relating to those reports together with the management responses. For those reviews awarded less than substantial assurance the reports were presented in full and the report provided an update on the state of recommendations issues in earlier quarters.

The report advised that ten audits had been completed in the third quarter of 2015/16 and the accompanying action plans were set out as Appendix 3 to the report.

Four of the audits completed during the quarter were awarded a lower than substantial assurance opinion. The audits were Data Protection, Castle Farm Recreation Centre and Abbey Fields Swimming Pools, Outdoor Recreation Facilities, and Local Land Charges. In line with protocol, the reports relating to these audits were set out at Appendix 4 for specific scrutiny and the Portfolio Holder or Council officer responsible for the area had been invited to attend the meeting to answer questions from the Committee.

In relation to the Data Protection audit, the Democratic Services Manager and Deputy Monitoring Officer addressed Members and explained the reference to 'limited progress' within the report.

He advised that since the audit was undertaken, the team had faced a number of challenging issues including the General Election in 2015 and a restructure of the service. In addition, he explained that staff training via meta-compliance was now underway and a data sharing agreement across Warwickshire had been discussed at a meeting last Friday. However, the

work required to a number of the policies, might have to move to later in the year due to the workload imposed by the EU Referendum in June.

The Sports and Leisure Manager attended along with the Head of Cultural Services and answered questions relating to the audits undertaken within their service area. He stated that each action detailed in the audit had been investigated and was usually as a result of human error. These issues had always been addressed, the systems reviewed and changes made to the processes.

Councillor Illingworth requested clarification on the issues arising from the Land Charges service. He was advised that most of the issues had occurred due to inherent staffing methods, however, a new team had now taken on this workload. Personal searches were undertaken free of charge and a hub had been installed in the reception area which members of the public could access for free.

Members also raised concerns about the need to contract out work due to resource shortages. It was noted that one of the Housing Advice posts had been challenging to recruit to because the salary was not pitched at the right level.

Resolved that the report is noted and its contents accepted.

(Councillor Harrington left the meeting at 7.16pm.)

121. **Public and Press**

Resolved that under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following items, by reason of the likely disclosure of exempt information within the relevant paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

122. **Executive Agenda (Confidential Items & Reports – Wednesday 9 March 2016)**

Agenda Item 15 – Extension of Cultural Services Programme Manager Contract

The Committee supported the report.

(Councillor Mann left the meeting at 7.25pm.)

123. **Business Plan Performance Management Report**

The Committee received a report from Housing and Property Services which updated Members on the Housing Revenue Account (HRA) Business Plan Performance.

Since the original HRA Business Plan was approved by Members in March 2012, performance reports had been presented to Finance and Audit Scrutiny Committee on a bi-annual basis. The base business plan had been revised to reflect changes in performance and assumptions, with the latest business plan having been approved by the Executive in March 2015.

A further review of the HRA Business Plan had taken place in 2015/16 and was being presented to the Executive for approval in March 2016. The review had updated the base business plan with all changes that had taken place; revised assumptions for the forthcoming period based on current information and knowledge; and had taken account of any housing policy changes being proposed by the Government.

The HRA Business Plan Financial Framework for 2015/16 was attached as an appendix for the report.

Councillor Quinney asked a number of questions relating to the financial impact on the HRA and raised concerns about the level of overspend. In response, the Head of Housing and Property Services, acknowledged the risk and explained that the Council needed schemes to invest in and the challenge was finding the opportunity to build.

In addition, he acknowledged the level of overspend and reminded Members that officers were working toward improving the quality of repairs provided. It was hoped that the new schedule of rates and a closer contact with contractors would improve the quality of service. Schemes such as texting tenants once a repair had been completed and requesting feedback were being implemented.

Homelessness issues were also discussed and the Committee was advised that affordability concerns were unlikely to be alleviated in the short term with costs expected to rise, including a rise to inflation.

Resolved that the performance outturn of the Business Plan for quarters 1 to 3 of 2015/16 is noted.

124. **Executive Agenda (Non Confidential Items & Reports – Wednesday 9 March 2016)**

Agenda Item 5 – HRA Business Plan Review for 2016/17 to 2016/17

The Committee supported the report.

(Councillor Heath left the meeting at 7.55pm.)

Agenda Item 9 – Corporate Property Planned Preventative Maintenance Programme 2016/17

The Committee supported the report.

125. **The Monitoring of Section 106 Contributions**

The Committee received a report from Development Services which updated Members on the progress that had been made in continuing to develop and review the Section 106 monitoring database.

A detailed monitoring spreadsheet had been developed to ensure that the requirements and financial contributions identified in legal agreements, which had been completed in connection with specific grants of planning permission, were undertaken. The monitoring and updating of the spreadsheet had continued on a collaborative basis particularly involving officers within Development Management; other officers across the Council and colleagues at Warwickshire County Council.

The Finance & Audit Scrutiny Committee had previously received a similar update report in September 2015 and further significant progress had been made in checking and following up previously outstanding requirements. Of the 131 agreements included on the overall spreadsheet, 26 were currently being actively monitored, a further 13 related to developments that had not yet commenced and the remainder had been fully discharged.

The report provided further details about the 26 agreements being actively monitored and their individual requirements.

The information in the spreadsheets was provided in two ways - the first being the full document and the second focussing on the current active S106 requirements, both of which could be found on the District Council's website.

The Development Services Manager outlined the report and advised that officers were now confident of the position of each agreement, when development commenced and what stage the work had reached on each scheme. He advised that officers were actively chasing overdue payments in a collaborative approach with officers from Warwickshire County Council.

In addition, the Development Services Manager advised that the process had recently been re-audited and had received a 'substantial' level of assurance.

Councillor Rhead raised a number of concerns including the fact that he did not feel the spreadsheet had changed a lot since the last time the item was considered. He also wanted to know how officers knew when certain triggers had been hit and suggested site visits to the developments every quarter. In addition, he queried the issue of 'clawback' when the monies had not been spent within the agreed timeframe and developers could 'clawback', or bodies had failed to contribute or ring fence money as agreed.

Suggestions for additional information to be included in the spreadsheet were put forward by Members including the actual number of houses being delivered, information on when the money was coming in and where the development was being built.

Officers advised that the Section 106 agreement was a legally binding arrangement and should identify the necessary parties involved along with timescales. However, Members were reminded that it was often WCC which was responsible for spending the money in the prescribed manner and officers were already working closely with the relevant officers to develop communications.

Councillor Gifford advised that as a County Councillor he had raised the issue with the County's audit committee and reminded the Committee that without it taking it forward, it was beyond WDC's control.

Officers clarified that WCC officers also contributed to the spreadsheet via email updates, with key WDC officers updating the master document.

Following further queries raised by the Committee about the information being provided, the Head of Development Services explained that the technology in place was not designed to produce the answers being requested. Councillor Gifford suggested that Members should be requesting funding from the Executive to invest in the IT systems to help manage the workload being demanded of officers.

Resolved that the contents of the report be noted.

126. **Annual Governance Statement Action Plan 2015/16: Review of Progress**

The Committee received a report from Finance which reviewed the progress being made in addressing the 'Significant Governance Issues' facing the Council set out in its Annual Governance Statement 2014/15. The appendix accompanying the report set out the progress in addressing the Significant Governance Issues.

The Annual Governance Statement describes governance arrangements relating to the Council's corporate priorities and key strategic projects that are reflected in Fit for the Future. The arrangements were designed to assist the Council in furtherance of its priority of providing clear community leadership and effective management of resources whilst delivering responsive public services in an open and transparent manner.

The Annual Governance Statement Action Plan for 2015/16 formed part of the Annual Governance Statement and outlined the significant governance issues facing the Council. In addition, the Action Plan outlined the progress in address these issues by the officers leading on them.

The Head of Finance outlined the report and answered relevant question from the Committee.

Resolved that the Action Plan set out in the Appendix is accepted and the Committee is satisfied with the progress being made in addressing the Significant Governance Issues relating to the Annual Governance Statement 2014/15.

127. **Comments from the Executive**

A report from Democratic Services summarised the Executive's responses to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 10 February 2016.

Resolved that the contents of the report be noted.

128. **Review of the Work Programme & Forward Plan**

The Committee considered its work programme for 2015/16 and the latest published version of the Forward Plan.

The Committee Services Officer reminded Members that the work programme only covered March and April 2016 and suggested that they may wish to contact her if there were any other items they wanted to add.

An updated version of the Forward Plan was also circulated because the document supplied with the meeting papers had since been amended.

Councillor Butler requested that the Elections Audit be added to the work programme for 5 April 2016.

Resolved that the work programme be updated accordingly.

(The meeting ended at 9.00 pm)